



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101

Judy H.

July 17, 2001

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
From: *David E. Janssen*
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District
YVONNE BRATHWAITE BURKE
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

FEDERAL LEGISLATIVE UPDATE

Pursuit of County Position on Legislation

Legislation to provide for retroactive relief for successful complaints under the Federal Natural Gas Act : Pursuant to your Board's direction, the County is an intervenor and participant in a complaint proceeding before the Federal Energy Regulatory Commission (FERC) relating to allegations that El Paso Natural Gas Pipeline Company and its affiliate, El Paso Merchant Company, manipulated the market for natural gas over its interstate pipeline system. According to Southern California Edison, this market manipulation raised natural gas prices in Southern California by approximately \$3.7 billion dollars and contributed significantly to the high cost of electricity.

This complaint was filed under Section 5 of the Natural Gas Act which only provides for prospective relief if the Commission finds that there was a violation of the law. In the County's case, prospective relief is no relief since the harm has already occurred. What is needed is an amendment to the Natural Gas Act to make refunds retroactive to the date a successful complaint was filed, which is essentially how complaints about electricity charges are handled under the Federal Power Act.

Outside counsel has suggested, and we concur, that the County should sponsor an amendment to the Natural Gas Act to provide for retroactive refunds. The Internal Services Department's Energy Management Division indicates that in view of the fact that the County's natural gas costs have risen from \$30 million to \$77 million in the last fiscal year, we could be eligible for a substantial refund, if the law is amended. We anticipate that such an amendment would be supported by consumer advocates and utilities

FedLUnatgasactamend

Together We Can Conserve Energy



Each Supervisor
July 17, 2001
Page 2

nationally, as well as in California. In addition, the State of California, including the California Public Utilities Commission, is likely to be supportive.

The proposed amendment is consistent with the Board's authorization of intervention in the El Paso complaint. **Therefore, our Washington, D.C. advocates will be supporting the proposed amendment.**

We will keep you advised.

DEJ:GK
JR:md

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads